

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0265-01
Bill No.: HB 36
Subject: Alcohol; Business and Commerce; Public Safety Department
Type: Original
Date: January 6, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Liquor Control (DLS)** state this bill allows the Supervisor of Liquor Control to provide forms, registration seals and procedures to retailers of intoxicating liquor for the sale of intoxicating liquor by the keg for off premise consumption. Retailers must register the sale of each keg and affix a registration seal on each keg at the time of sale. The registration seal may only be removed by the retailer upon return of the keg. Retailers are required to maintain a complete and accurate record of all registration forms. Registration records must be open to inspection by the supervisor and law enforcement officers. Persons who purchase and take possession of kegs may not transfer possession of the keg. The bill becomes effective on January 1, 2004 and will expire December 31, 2008.

DLS assumes that three additional Agents (each at \$36,012 annually) will be needed throughout the state for the additional work load associated with issuing registration seals and determining compliance of keg registration as required by this act. The agents will be located in Kansas City, St. Louis and Jefferson City districts. Also, one additional clerk (at \$24,492 annually) will be needed to issue forms and registration seals.

ASSUMPTION (continued)

RAS:LR:OD (12/02)

DLS states the estimate of additional employees is based on the projected sales of keg beer and work load associated with this act. Keg sales for off premise consumption is estimated to be two percent of all beer sales or 2.7 million gallons annually. This 2.7 million gallons equates to an estimated 200,000 keg sales annually that will have to be monitored by DLS.

DLS estimates the proposal will cost their agency roughly \$270,000 per year to implement.

Oversight assumes that this proposal requires liquor retailers who sell beer, wine or intoxicating liquor by the keg to keep records of keg sales and registrations and make them open to inspection by DLS. Because DLS is not required to maintain these records, Oversight assumes existing staff could be used to monitor compliance with keg registration. Oversight also assumes DLS could provide the forms and procedures for licensed retailers to utilize in the sale of such kegs for off-premise consumption with existing resources.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Division of Liquor Control's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 11 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 17 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal are estimated to be \$677,

however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Attorney General's Office** assumes that any personnel costs necessary to assist the Supervisor of Liquor Control in promulgating rules can be absorbed with existing resources.

FISCAL IMPACT - State Government

FY 2004
(6 Mo.)

FY 2005

FY 2006

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (6 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would fiscally impact small liquor retailers, as it would require them to maintain records of keg sales and the registration thereof.

DESCRIPTION

This proposal allows the Supervisor of Liquor Control to provide to retailers of intoxicating liquor forms and procedures that are necessary for the sale of intoxicating liquor by the keg. The supervisor is required to make rules and regulations for administering this keg registration law. The proposal does not require additional permits or licenses.

Retailers are required to register the sale of each keg and affix a registration seal on each keg at the time of sale. The registration records must be maintained by the retailer for a period of six months. Registration records must be open to inspection by the supervisor and law enforcement officers. When a purchaser obtains more than one keg for consumption at the same location and on the same date, only one keg registration must be completed. Persons who purchase and take possession of kegs may not transfer possession of the keg. The keg registration seal affixed to the keg may serve as the purchaser's receipt for the purpose of keg return. Kegs made of disposable packaging need not be returned to the retailer but must be registered.

A keg is defined as any container capable of holding four gallons or more of intoxicating liquor which is designed to dispense the liquor directly from the container for consumption. Persons in possession of kegs that are not properly tagged may have the kegs seized.

DESCRIPTION (continued)

The proposal becomes effective on January 1, 2004, and will expire December 31, 2008.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety - Liquor Control
Office of the Secretary of State
Office of the Attorney General

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 6, 2003